IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT HYDERABAD

Date: 19-10-2005

PRESENT:

THE HON'BLE Mr. JUSTICE B. SUDERSHAN REDDY

and

THE HON'BLE Mr. JUSTICE C.V. RAMULU

WRIT PETITION Nos.3654, 4178, 4543, 5427, 5959, 6051, 6243, 6430, 6636, 7160, 8269 & 8430 of 2005, 14144 of 2002, 2962, 2792, 3470 of 2005, 5689 of 2002, 21624 of 2003, 2610 of 2005, 14658 & 16010 of 2004, 1080 & 1926 of 2005, 12315, 22705, 23335, 23772 and 25507 of 2002, 1634, 4622 & 16450 of 2003, 1288, 1859, 4910, 10517, 22407, 23003, 23157 & 24313 of 2004, 3209, 3583, 3887, 4044, 4703, 5181, 5505, 6165, 8061, 8933, 9515, 9762, 12370, 12700, 13278, 15349 & 17377 of 2005 and 16839 of 2004

W.P.No.3654 of 2005

Karni Vijaya Ratnam & 2 others

…Petitioner

and

Life Insurance Corporation of India &

Two others

…Respondents

THE HON'BLE Mr. JUSTICE B. SUDERSHAN REDDY

and

THE HON'BLE Mr. JUSTICE C.V. RAMULU

WRIT PETITION Nos.3654, 4178, 4543, 5427, 5959, 6051, 6243, 6430, 6636, 7160, 8269 & 8430 of 2005, 14144 of 2002, 2962, 2792, 3470 of 2005, 5689 of 2002, 21624 of 2003, 2610 of 2005, 14658 & 16010 of 2004, 1080 & 1926 of 2005, 12315, 22705, 23335, 23772 and 25507 of 2002, 1634, 4622 & 16450 of 2003, 1288, 1859, 4910, 10517, 22407, 23003, 23157 & 24313 of 2004, 3209, 3583, 3887, 4044, 4703, 5181, 5505, 6165, 8061, 8933, 9515, 9762, 12370, 12700, 13278, 15349 & 17377 of 2005 and 16839 of 2004

COMMON JUDGMENT: (Per **C.V. RAMULU,J**)

This batch of Writ Petitions are filed by the Development Officers employed by the Life Insurance Corporation of India (hereinafter referred to as 'the Corporation'). It is stated in the writ affidavits that the Development Officers in the Corporation are paid Conveyance Allowance and Additional Conveyance Allowance in terms of their employment for procuring life insurance business to the Corporation. These allowances are paid to meet the expenses incurred wholly, necessarily and exclusively in the performance of their official duties. The employer invariably certifies that these expenses are incurred by the Development Officers wholly in the

course of their employment and, hence, they are eligible for exemption under Section 10(14) of the Income-Tax Act,1961 (for short 'the Act'). The allowances are first paid on *ad hoc* basis monthly along with salary. This is known as conveyance allowance. At the end of the appraisal year, the total allowance payable to the Officer is determined based on his performance and the balance that is payable to him is termed as 'additional conveyance allowance'. Both these put together would be the actual conveyance allowance payable to the Officer for each year. No free conveyance is allowed to the Development Officers so as to attract the provisions of Section 17 of the Act. Since this allowance is being granted by the Corporation to meet the expenses wholly incurred in the performance of their official duties, they were treated all through as 'incomes which do not form part of the total income' in terms of Section 10 of the Act, and not as perquisite under Section 17 of the Act. The 3rd respondent-Central Board of Direct Taxes clarified the issue stating that Conveyance Allowance and Additional Conveyance Allowance are exempted under Section 10(14) of the Act read with Rule 2BB of the Income-Tax Rules,1962 (for short 'the Rules'), subject to the satisfaction of the Assessing Officer. While the matter stood thus, the 3rd respondent in its Notification dated 25-9-2001 made certain amendments to Rule 3 of the Rules dealing with valuation of perquisites under Section 17 of the Act. The Central Office of the Corporation in its Circular dated 7-3-2002 issued instructions to all Zonal Managers etc., referring to the above amendment stating that the Conveyance Allowance and Additional Conveyance Allowance paid to the Development Officers are to be treated for tax deduction at source for income-tax purpose. It is also stated that the amended notification dated 25-9-2001 categorically deals with perquisites under Section 17 of the Act, which are governed by Rule 3 of the Rules. The Central Office of the Corporation mixed up the issue and erred in assuming that the above amendment also deals with the conveyance allowance granted to the Development Officers, which is not a perquisite, but an allowance that is exempted under Section 10(14) of the Act. Further, on 24-4-2004, the 1st respondent issued another Circular referring to the communication of the 3rd respondent dated 4-1-2001 and had given instructions for deduction of income-tax on conveyance allowance and additional conveyance allowance, contrary to law. Therefore, the petitioners are constrained to invoke the extra-ordinary jurisdiction of this Court seeking to issue a Writ of Mandamus declaring that the Notification dated 25-9-2001 issued by the 3rd respondent has no

application to the conveyance allowance and additional conveyance allowance granted to the Development Officers of the Corporation as the same is governed by Section 10(14) of the Act read with Rule 2BB of the Rules and consequently to declare that the Circulars dated 7-3-2002 and 24-4-2004 issued by the 1st respondent are arbitrary and illegal.

On behalf of the respondent-Corporation, Assistant Secretary (L&HPF), South Central Zonal Office, Hyderabad filed a detailed counter affidavit asserting *inter alia* that conveyance allowance and additional conveyance allowance are granted to the Development Officers to meet the expenses incurred wholly, necessarily and exclusively on conveyance and as per the revised instructions, any claim for exemption should be proved before the concerned Assessing Officer. Exemption, if any, for conveyance allowance and additional conveyance allowance, is limited only to the amount actually spent on conveyance for performance of official duties. The nature and character of the allowances are determined on the basis of performance of the concerned Officer. Unless the pre-requisites are satisfied and established to the satisfaction of the concerned Assessing Officer, no exemption can be claimed. The circular dated 7-3-2002 issued by the Corporation is based on the Circular dated 25-9-2001 of the 3rd respondent and it deals with perquisites under Section 17(2) of the Act. The allowance paid to the Development Officers has two components, (i) fixed conveyance allowance paid along with salary on an 'on account' basis every month; and (ii) additional conveyance allowance - whenever the Development Officer's performance is good on the basis of premium income brought in by him is recalculated and this conveyance allowance is paid to them as additional conveyance allowance after duly adjusting the fixed conveyance allowance, which was paid to them every month on an 'on account' basis. It is also stated that this additional conveyance allowance is related to the new business premium income brought in by the Development Officers, in their respective appraisal years. For the purpose of convenience and based on the declarations made by the Development Officers (including the petitioners) the Corporation certifies the amount of conveyance allowance and additional conveyance allowance that has been taken in the salary/remuneration for deducting the tax at source. This, however, is subject to the satisfaction of the Assessing Officer, who, on receiving the income-tax return filed by the Development Officers (including each of the petitioners) may allow the amount of conveyance allowance and additional

conveyance allowance to be granted as exemption and shall do so while computing the assessment, i.e., in effect, the respondents are only the facilitating media for recovery of tax on conveyance allowance and additional conveyance allowance subject to the rules framed and instructions issued by the 3rd respondent. The petitioners can seek refund of tax paid to the income-tax authorities on conveyance allowance and additional conveyance allowance on satisfying the Assessing Officer concerned; therefore, no prejudice is caused to the petitioners by virtue of deduction of tax at source on conveyance allowance and additional conveyance allowance.

On behalf of the 3rd respondent, Commissioner of Income-Tax (TDS) filed a detailed counter affidavit and stated that the Development Officers of the Corporation are paid conveyance allowance as well as additional conveyance allowance in terms of their employment for procuring business to the Corporation. Usually, the conveyance allowance in any organization is paid to meet the expenditure, which is incurred during the course of performance of duties of an Office or employment of profit. However, in the case of Development Officers, the conveyance allowance is payable on the basis of the work done and business procured by them. Thus the conveyance allowance is paid to the Development Officers based on their performance and not just to meet the actual amount incurred or expended wholly and exclusively in performance of their official duties. The allowance is first paid on *ad hoc* basis, monthly, along with the salary of each Officer, which is known as 'conveyance allowance'. At the end of the year, the work done with reference to business procured is appraised and the total allowance payable to the Officer is determined based on his performance. The balance payable to him is paid as 'additional conveyance allowance'. Apart from the Development Officers, the agents working under them are allowed such an allowance for procurement of business. In the case of agents, the said allowance is straight away taken as income and is accordingly assessed. In an ordinary business or activity for profit, the expenditure on conveyance might not result in positive results. But, in the case of petitioners, the payment of allowance is linked to positive results of business achieved, because, the Corporation is always interested in procuring higher business. Therefore, the payment of conveyance allowance and additional conveyance allowance to the Development Officers is not a mere reimbursement of expenses incurred during the performance of duties. Further, in the communication dated 4-1-2001 addressed to the Executive Director (Marketing), LIC, Mumbai by the 3rd respondent, it was

clarified that the conveyance allowance and additional conveyance allowance are not exempted under Section 10(14) of the Act read with Rule 2BB of the Rules, unless the criteria laid down in the aforesaid Section/Rule is fully met to the entire satisfaction of the Assessing Officer. Rule 2BB of the Rules deals with allowances prescribed for Section 10(14) of the Act, by whatever name called, which includes *inter aia* any allowance granted to meet the expenditure incurred on conveyance in performance of duties of an office or employment of profit. In case of the petitioners, the allowance is not based on the 'expenditure incurred', but is determined based on the business done by the individual Development Officer. Hence, the provisions of Rule 3 shall be made applicable instead of Rule 2 BB. In Table-II of Rule 3, the value of perquisite provided by way of use of motor car has been clearly stated and clause (b) of sub-section 2(A) clearly provides the following conditions for claiming of higher amounts of exemption, more than the amounts deductible towards conveyance as laid out in the said table.

a. the employer has maintained complete details of journey undertaken for official purpose, which may include date of journey, destination, mileage and the amount of expenditure incurred thereon;

b. the employer gives a certificate to the effect that the expenditure was incurred wholly and exclusively for the performance of his official duties.

By way of amendment of the Rules, the petitioners are not deprived of the basic or inherent facilities available to them. Respondent No.3 laid down a controlling mechanism to be applied for conveyance allowances.

Heard the learned counsel on either side and gone through the entire material made available on record.

The short question that falls for consideration in these writ petitions is as to whether the Corporation is bound to treat the conveyance allowance and additional conveyance allowance paid to the Development Officers every month and at the appraisal of the end of the year respectively as exempted under Section 10(14) of the Act and whether the Corporation is not entitled to treat the actual expenditure met by the Officers towards conveyance allowance and additional conveyance

allowance for the purpose of deduction of tax at source ?

For the purpose of deciding the said questions, it may be necessary to notice the relevant provisions as under:

> **"SECTION 10 Incomes not included in total income**
>
> **In computing the total income of a previous year of any person, any income falling within any of the following clauses shall not be included—**
>
> (14) (i) any such special allowance or benefit, not being in the nature of a perquisite within the meaning of clause (2) of section 17, specifically granted to meet expenses wholly, necessarily and exclusively incurred in the performance of the duties of an office or employment of profit as may be prescribed, to the extent to which such expenses are actually incurred for that purpose ;
>
> (ii) any such allowance granted to the assessee either to meet his personal expenses at the place where the duties of his office or employment of profit are ordinarily performed by him or at the place where he ordinarily resides, or to compensate him for the increased cost of living,/a> as may be prescribed and to the extent as may be prescribed :
>
> **Provided** that nothing in sub-clause (ii) shall apply to any allowance in the nature of personal allowance granted to the assessee to remunerate or compensate him for performing duties of a special nature relating to his office or employment unless such allowance is related to the place of his posting or residence.
>
> **SECTION 17 "Salary", "perquisite" and "profits in lieu of salary" defined**
>
> For the purposes of sections 15 and 16 and of this section,—
>
> (1)……
>
> (2) "perquisite" includes—
>
> (i) the value of rent-free accommodation provided to the assessee by his employer;
>
> (ii) the value of any concession in the matter of rent respecting any accommodation provided to the assessee by his employer;
>
> (iii) the value of any benefit or amenity granted or provided free of cost or at concessional rate in any of the following cases:—
>
> (a) by a company to an employee who is a director thereof;
>
> (b) by a company to an employee being a person who has a substantial interest in the company;
>
> (c) by any employer (including a company) to an employee to whom the provisions of paragraphs (a) and (b) of this sub-clause do not apply and whose income under the head "Salaries" (whether due from, or paid

or allowed by, one or more employers), exclusive of the value of all benefits or amenities not provided for by way of monetary payment, exceeds fifty thousand rupees:

Provided that…….

(iiia)……..

(iv) to (vii)……..

Rule 2BB. Prescribed allowances for the purposes of clause (14) of Section 10: (1) For the purposes of sub-clause (i) of clause (14) of Section 10, prescribed allowances, by whatever name called, shall be the following, namely—

a. any allowance granted to meet the cost of travel on tour or on transfer;

b. any allowance, whether granted on tour or for the period of journey in connection with transfer, to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty;

c. any allowance granted to meet the expenditure incurred on conveyance in performance of duties of an office or employment of profit:

provided that free conveyance is not provided by the employer;

(d) to (f)……

RULE 3 Valuation of perquisites

For the purpose of computing the income chargeable under the head "Salaries", the value of perquisites provided by the employer directly or indirectly to the assessee (hereinafter referred to as employee) or to any member of his household by reason of his employment shall be determined in accordance with the following sub-rules, namely —

(1)……

(2) (A) The value of perquisite provided by way of use of motor car shall be determined on the basis provided in the Table II."

Letter dated 4-1-2001 addressed by the Government of India, Ministry of Finance, Department of Revenue, Central Board of Direct Taxes to the Executive Director (Marketing), LIC, Mumbai reads as under:

"Subject:- ***Income Tax payable by Development Officers on their earnings by way of Additional Conveyance Allowance.***

I am directed to refer to your letter No.Mktg./DO/163/1, dated 02.02.2000 on the above mentioned subject and to say that it has been already clarified by the Board vide its Circular No.701, dated 23.3.1995 that consequent to the 65,1987 (with effect from 01.04.1989) all circulars, instructions and clarifications issued by the Board regarding Section 10(14) upto 31.3.1989 ceased to have effect from the assessment year 1989-90 and onwards.

In view of this, the Conveyance Allowance and the Additional Conveyance Allowance paid to the officers of the life Insurance Corporation of India are not exempt u/s 10(14) of the Income Tax Act,1961 read with

> Rule 2 BB of the Income Tax Rules,1962 unless the criteria laid down in the aforesaid Section/Rule is fully met to the entire satisfaction of the Assessing Officer."

The facts are not in dispute. The only controversy is whether the Corporation can deduct TDS on the actual expenditure met by the Development Officers during the course of performance of their duties or the amount, which was paid to them something like incentive as conveyance allowance on the basis of the business fetched to the Corporation by these Officers. It is the contention of the learned counsel for the petitioners that the conveyance allowance and additional conveyance allowance are being treated as perquisites under Section 17 of the Act and the TDS is deducted at source on that basis. Whereas, the Corporation asserted that the Ministry of Finance, Government of India, through its notification dated 25-9-2001 amended the Income-Tax Rules and they came into force with effect from 1-4-2001 and the said notification deals with the value of perquisites provided by the employer and provides for the exemption limit of value of perquisites and because of the said amendment, the conveyance allowance and additional conveyance allowance paid to the Development Officers are to be treated for TDS for income-tax purpose. In other words, the actual expenditure, which is incurred during the course of performance of their duties as Development Officers is being treated as exempted under Section 10(14) of the Act, for which the Officer has produced satisfactory evidence and for the rest of the conveyance allowance and additional conveyance allowance, the tax is being deducted at source. Rather, the certificate under Section 10(14) of the Act is issued only for the actual expenditure incurred for the conveyance in performance of their duties. In support of his contention, learned counsel relied upon a Judgment of the Rajasthan High Court reported in **L.I.C. OF INDIA v. UNION OF INDIA** wherein it was held:

> "……The Life Insurance Corporation appears to have devised the general formula having a reference to the parameters of the business and, thus, the payment of additional conveyance allowance is a reimbursement for actual expenditure incurred by the Development Officers on account of conveyance in relation to performance of their duties and the said expenditure has a direct nexus with the performance of duties for development of the insurance business by way of meeting several people and to enroll new life insurance agents and to meet the insurance persons for encouraging them to take insurance policies. Naturally, in such circumstances, touring expenses are incurred on conveyance. Such conveyance expenses are reimbursed by the employer as per the prescribed norms in the name of additional conveyance allowance. The certificate is given by the LIC-employer of the minimum amount, which the Life Insurance Corporation certifies that it is the amount actually spent by the Development Officers in the performance of their duties. The ultimate liability of claiming exemption and proving

the same is on the employee-assessee (Development Officer). The exemption limit is restricted by the instructions issued by the Central Board of Direct Taxes from time to time. Therefore, we hold that the Development Officers in the Life Insurance Corporation are entitled to claim exemption under Section 10(14) of the Act in respect of conveyance allowance/additional conveyance allowance upon satisfying the conditions that such allowances have actually been spent for the purpose for which they were given wholly, necessarily and exclusively in the performance of duties. Therefore, the Life Insurance Corporation cannot be insisted for deduction of tax to be deducted at source to the extent such conveyance allowance/additional conveyance allowance is exempt under Rule 2BB and further such minimum limit is set from time to time. The ultimate liability of claiming exemption and proving the same is on the employee-assessees, i.e., the Development Officers."

Whereas, the learned counsel for the respondent-Corporation relied upon the Judgment of the Jharkhand High Court rendered in W.P. (T) No.6176 of 2003, dated 3-8-2004, wherein it was held as under:

"5.……Thus, what is the amount of conveyance allowance and the additional allowance that can be claimed to be exempted under Section 10(14) of the Act would depend upon the assessee establishing the actual amount spent by him wholly, necessarily and exclusively in the performance of his duties. In ***J.G.Mankad Vs. Commissioner of Income tax, Gujarat (55 ITR 448)***, a Division Bench of the Gujarat High Court held that in order to make the deductions under Section 7(2)(iii) of the Income-Tax Act,1922, the expenses must be wholly and necessarily incurred in the performance of duties of the office. The expenses must also be the expenses, which the assessee is required by the conditions of his service to incur out of his remuneration. This position has been accepted by various other decisions……..

6. It is not for the employer, here the life Insurance Corporation of India, to decide what is the amount out of the conveyance allowance and the additional conveyance allowance that could be claimed by an individual assessee as the expenses incurred wholly, necessarily and exclusively in the performance of his duties. That is a matter for decision by the assessing Officer and it is for the individual assessee to prove before the assessing authority at the time of completion of the assessment, the amount liable to be exempted. In such a situation, it appears to us to be clear that in terms of Section 192 of the Act, there is a clear obligation on the Life Insurance Corporation of India to deduct the tax due on these amounts at source leaving it to the individual assessee to claim exclusion or refund on establishing the conditions required under Section 10(14) of the Act read with Rule 2BB of the Rules.

7. Though various decisions were cited before us, we do not think that it is necessary to go into those decisions at this stage, since we find that

this is not a fit case wherein exercise of our jurisdiction under Article 226 of the Constitution of India, we could or we should give a blanket declaration that the Life Insurance Corporation of India is not bound to deduct the tax at source on the amount of conveyance allowance and additional conveyance allowance paid to the Development Officers of the Corporation. The exemption from taxation of these amounts would depend upon the facts to be established by the assessee supported by the necessary evidence at the time of assessment and the exemption will be on the basis of actual expenditure incurred by him as warranted by Section 10(14) of the Act……"

The learned counsel for the respondent-Corporation also relied upon the Judgment in W.P.No.712 of 2005 and batch, dated 17-1-2005 (**K.R. MURALIDHAR v. LIC OF INDIA**), wherein the Karnataka High Court, dealing with the very same Circular dated 24-4-2004 and various decisions on the point, observed as under:

"9. The circular also indicates that to the extent, the Development Officer furnishes copies of vouchers/bills for the actual expenditure incurred by him, the amount mentioned therein can be taken note of for the purpose of Section 10(14) of the Act. It is only in cases where the Development Officers having not furnished such proof of actual expenditure, a certificate in favour of the Development Officer concerned is not issued, in proof of such expenditure and while tax is deducted at source in such cases, the Development Officers concerned are notified that they can claim exemption by filing returns of their income and place the material before the authority concerned.

10. The object of such circular on the face of it appears to be that if the employee really qualifies for the exemption to ensure that a certificate to this effect is issued in favour of the employee based on which not only the employee can claim the benefit, but also the employer is relieved of his obligation for deduction of tax at source. A circular of this nature can never be said to be to the detriment of the petitioners. If at all it only enables the petitioners to claim the benefit in terms of sub-section (14) of Section 10 of the Act.

11. In this view of the matter, while I do not find any injury or affectation to the petitioners, which is required to be redressed in these petitions, I am of the view that it is not necessary to examine the legal position that has been enunciated by the Rajasthan High Court in the decision cited above for the purpose of redressing the grievance of the petitioners in these petitions, particularly in the absence of factual data……"

It may be noticed that as per the counter affidavits filed on behalf of respondents 1 to 3, the conveyance allowance and additional conveyance

allowance are not being treated as perquisites under Section 17 of the Act. The exemption under Section 10(14) of the Act, as seen from above, from taxation of the conveyance allowance and additional conveyance allowance would depend upon the facts to be established by the assessee supported by necessary evidence at the time of assessment and the exemption will be on the basis of actual expenditure incurred by the Officer as required under Section 10(14) of the Act. Therefore, the 3rd respondent was justified in directing the Corporation and its branches to deduct the tax at source on the conveyance allowance and additional conveyance allowance paid to the Development Officers of the Corporation, leaving it to the individual assessee to raise their claim for exemption and establishing it at the time of completing the assessment against them. The Corporation also fairly conceded that they are ready to issue certificate under Section 10(14) of the Act to the Development Officers on the basis of actual expenditure met by them. If really there is any further amount to be claimed by them towards exemption under Section 10(14) of the Act, it is for them to approach the Assessing Officer concerned and establish that they are entitled for the entire amount paid towards conveyance allowance and additional conveyance allowance and seek refund. Respondent No.3 also asserted that the Circular issued by it only indicates that to the extent the Development Officers furnish copies of the vouchers/bills for the actual expenditure incurred by him, the amount mentioned therein can be taken note for the purpose of Section 10(14) of the Act. It is only in case where the Development Officers having not furnished such proof of actual expenditure, a certificate in favour of the Development Officer concerned not issued, in proof of such expenditure and while tax is deducted at source, the Development Officers concerned can claim exemption by filing returns and place the material before the authority concerned. The object of the Circular, on the face of it, appears to be that if the employee really qualifies for the exemption to ensure that a certificate to this effect is issued in his favour, based on which not only the employee can claim the benefit, but also the employer is relieved of his obligation for deduction of tax at source. Thus, a Circular of this nature can never be said to be to the detriment of the petitioners. On an examination of the decision of the Rajasthan High Court in **LIC OF INDIA v. UNION OF INDIA** (1 supra) we find that the said case arose out of a prayer to quash the order of assessment and the question therein was whether the conveyance allowance/additional conveyance allowance paid to the Development Officers of the Corporation was liable to be exempted under Section 10(14) of the Act. The learned

single Judge having dismissed the writ petition on the basis that the issue was covered by the earlier in ***CIT v. SHIV RAJ BHATIA*****,** an appeal was filed. Therein the Division Bench noticed that the decision relied upon by the learned single Judge relates to incentive bonus paid by the Corporation to the Development Officers and the position was not the same regarding conveyance allowance/additional conveyance allowance. The Division Bench ultimately held that the Development Officers of the Corporation are entitled to claim exemption under Section 10(14) of the Act in respect of the conveyance allowance/additional conveyance allowance paid to them upon satisfying the condition that such allowances were actually spent for the purpose for which they were given wholly, necessarily and exclusively in the performance of duties. Whereas, in the above two judgments relied upon by the learned counsel for the respondent-Corporation, the Judgment in **LIC OF INDIA v. UNION OF INDIA** (1 supra) was also considered and it was held that the Development Officers of the Corporation are entitled for exemption under Section 10(14) of the Act for the actual expenditure incurred during the course of performance of their duties attached to the Office of profit. Therefore, neither the circular issued by the 3rd respondent on 25-9-2001 and the consequential Circular dated 24-4-2004 issued by the 1st respondent are said to be illegal nor the course adopted by the Corporation in issuing exemption certificate under Section 10(14) of the Act is said to be arbitrary or illegal. Petitioners are entitled for a certificate under Section 10(14) of the Act for the actual expenditure incurred by them during the course of performance duties of office of profit and they cannot insist that the entire amount paid towards conveyance allowance and additional conveyance allowance has to be treated as exemption under Section 10(14) for the purpose of TDS. It is needless to mention that even a certificate issued by the Corporation under Section 10(14) of the Act for the purpose of TDS is also subject to the scrutiny and decision by the assessing authority under the Act.

For all the above reasons, the writ petitions are devoid of merits and liable to be dismissed. Accordingly, the writ petitions are dismissed. No costs.

B.Sudershan Reddy, J

19-10-2005

C.V.Ramulu, J

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